

**STATE OF VERMONT  
PUBLIC SERVICE BOARD**

DOCKET NO. 7032

Petitions of Vermont Electric Power Company )  
Inc. (VELCO), Green Mountain Power )  
Corporation (GMP), and the Town of Stowe )  
Electric Department (Stowe) for a certificate of )  
Public good, pursuant to 30 V.S.A. to construct )  
the so-called Lamoille Project )

**PREFILED SURREBUTTAL TESTIMONY OF  
SEAN FOLEY  
  
ON BEHALF OF  
VERMONT DEPARTMENT OF PUBLIC SERVICE**

June 27, 2005

Summary: The purpose of Mr. Foley's surrebuttal testimony is to respond to suggested changes in the Project and to amend some of his original testimony to include data provided in discovery.

1 **Q. Please state your name and occupation.**

2 A. My name is Sean A. Foley, and I am a Utility Finance and Economic Analyst for the  
3 Department of Public Service (DPS).

4 **Q. Did you submit prefiled direct testimony in this proceeding?**

5 A. Yes.

6 **Q. Mr. Orr used an amount of \$108,084 as an estimate of “annual property-tax losses by**  
7 **affected Waterbury properties, due to LCP, at 10% of average value.” Do you agree**  
8 **that this is the correct amount to use in reviewing the property taxes effect of the**  
9 **proposed reroute?**

10 A. No. This value is the estimate I made for the annual property-tax losses for all properties  
11 along the route of the project, including properties in Waterbury, Stowe and Duxbury. The  
12 eight Gregg Hill properties affected by the proposed reroute have a 2004 Grand List Real  
13 Property Listed Value of \$1,904,300<sup>1</sup>. A 10% reduction in value would amount to  
14 \$190,430. The annual property-tax losses for these properties, at a tax rate of \$2.10 per  
15 \$100 value, would equal to \$3,999.

16 **Q. Mr. Orr states that “Mr. Foley does not agree with me that the economic benefits of**  
17 **the LCP will be greater if property-tax losses by affected Waterbury properties are**  
18 **avoided by adoption of the alternative route proposed by the Residents.” Do you**  
19 **agree with Mr. Orr’s characterization of your testimony?**

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<sup>1</sup> Data provided by the Vermont Department of Taxes.

1 A. No. I have not formed an opinion on the economic benefits of the Gregg Hill reroute.  
2 When considering the economic cost and/or benefit of a new transmission line, a number of  
3 items need to be considered. These items include at a minimum: the capital cost of building  
4 the line<sup>2</sup>, operating and maintenance costs over the life of the line, environmental impacts  
5 from construction of the line, and changes in property values resulting from the location of  
6 the line.

7 **Q. You testified that the Project could have an 18.6% rate impact for the Stowe Electric**  
8 **Department. Do you now have a new estimate of the possible rate impact for Stowe?**

9 A. Yes. My original prefiled testimony was based on Mr. Machia's responses to the  
10 Department's first set of discovery questions. Since then Mr. Machia has provided  
11 additional work papers.<sup>3</sup> These work papers indicated that Stowe expects to have  
12 offsetting changes that would reduce expenses. The total values of these offsetting changes  
13 are estimated to be a \$409,208 credit to transmission expense for Stowe.<sup>4</sup> Including these  
14 offsetting changes to my original estimate would reduce the rate impact for Stowe to 13%.  
15 This estimate does not include any change to Stowe's current load or operating costs other  
16 than those associated with the Project.

17 **Q. Does that conclude your testimony?**

18 A. Yes.

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<sup>2</sup> VELCO witness Ms. Moulton testified that the reroute would "add several hundred thousand dollars to the cost of the Project" (Ms. Moulton's Rebuttal Testimony at p. 3, line 23.)

<sup>3</sup> Petitioners' Response to DPS1, Page 7 of 36.

<sup>4</sup> Petitioners Response to DPS10, Page 1.